UNDP

UNITED NATIONS DEVELOPMENT PROGRAMME

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ENGLISH

APPROVAL OF UNDP ASSISTANCE TO AN INTERREGIONAL PROJECT
(INT/91/042)-Interregional Foreign Investment
Advisory Services (FIAS) (Phase II)

GC
DEPT

Date of approval by the AC:[1/]	17 June 1992
Expected duration:	Three years
Proposed executing agency:	IFC
Implementing agencies:	Ministries/Departments of Finance and Planning in Transition Economies in Eastern Europe, the CIS, the Middle East and Latin America
Proposed UNDP contribution:	$1 515 000 Source of funds: IPF

Project background

This second phase of the FIAS Programme follows upon an earlier phase which covered the period May 1988 through May 1992. The first phase supported advisory activities, conferences and research on foreign investment policy issues. At the individual country level, the previous phase of FIAS interregional assistance encompassed work in Eastern Europe (Czechoslovakia, Hungary and roland), in the Middle East (Egypt), in the Baghreb (Tunisia and Morocco), and in Central America and the Caribbean. Conferences and seminars supported by the earlier phase provided opportunities for countries to share experiences on various foreign investment policy issues such as the use of incentives and debt/equity swaps. Research work focused on the qustion of the extent to which restrictions on foreign ownership of local assets have affected foreign direct investment decisions as well as the success or failure of different types of institutional arrangements used by developing country governments to promote and monitor foreign direct investment.

[1/] **This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.**

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FIAS Phase II is an integral part of the public sector management component of the Fifth Cycle Global and Interregional Programme which was approved by the UNDP Governing Council in February 1992. It complements the work which Division for Global and Interregional Projects is sponsoring in the area of trade policy reform and external debt management, and forms part of a comprehensive advisory services which the Interregional Programme together with other donors are sponsoring in the area of macroeconomic management.

Description of project

The project is expected to focus its advisory efforts on selected transition economies in Eastern Europe and the CIS (Poland, Czechoslovakia and several of the CIS countries which are still to be identified); Morocco, Egypt and Turkey, and possibly Venezuela and Peru. It will endeavour to move away from short-term ad hoc types of advisory services to the direction of medium- and long-term series of interventions in selected countries. Emphasis will also be given to research into the underlying strategies of foreign investors in key industries. A knowledge of these strategies will be a key element in understanding the factors influencing the flow of foreign investment to the middle-income developing countries which are to be the focus of the interregional project.

Inputs

UNDP will provide the services of high-level foreign investment specialists and other short-term consultants. The IFC will, for its part, make available financial officers with project appraisal skills, attorneys who can help to structure agreements between local and foreign partners who might otherwise not have been willing to invest.

Financial data

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Personnel	1 483 000
Miscellaneous	32 000
Total	1 515 000

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